

Nixon's Foreign Aid Advisers Pressing Him to Set Amount

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WASHINGTON, March 26—An interagency panel has urged President Nixon to decide soon whether the United States is to contribute its share toward economic development of poorer countries or is to limit its foreign aid to a token or holding operation.

United States economic aid in all forms has been running at about 0.5 per cent of national income in recent years. This country has dropped to seventh place on the list of donor countries, based on total official aid as a percentage of national income.

The objective of the Organization for Economic Cooperation

and Development, of which the United States is a member, is 1 per cent of national income, a level this country has not reached since 1965.

The report, now under study by the National Security Council projects separate minimal levels of economic foreign aid in the fiscal year beginning July 1.

The first option suggests an aid authorization of \$1.3-billion, or about the amount Congress appropriated for the current year. The second calls for

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\$2.1-billion. That amount is nearly \$250-million less than that requested by President Johnson in his Budget Message to Congress last January.

Both approaches contemplate an additional authorization for military assistance ranging from \$350-million to \$375-million in the new year, apart from any appropriation for military credit sales.

The estimate for military grants also excludes amounts earmarked in the defense budget as military aid to Vietnam, Laos and Thailand and infrastructure costs of the North Atlantic Treaty Organization.

Known as National Security Memo 4, the report was compiled by representatives of the Departments of State, Defense and Treasury, the Export-Import Bank, the Council of Economic Advisers and the Agency for International Development. It was filed with the Security Council last week.

Even if the President adopted

the higher of the two economic aid estimates and asked Congress to appropriate that amount for the new fiscal period, it would be the lowest such request in this country's history of foreign aid.

If he elects to propose the lower figure, however, the report makes it clear that the foreign aid program could no longer be considered an instrument of United States foreign policy.

Because the \$1.3-billion would be concentrated in eight or nine developing countries, the report observed, economic aid would no longer be a factor for directing the revolution of rising expectations along peaceful channels.

The report also suggests that if economic aid is cut to the lower level, defense expenditures may ultimately have to rise disproportionately because military power would, in that event, have to fill the void created by the absence of a meaningful contribution to economic development.

To a surprising degree, the interagency report reflected the thinking of President Johnson's General Advisory Committee on Foreign Aid.

Warning Recalled

In its final report last Janu-

ary, that group warned the new Administration that violent upheavals would beset the underdeveloped countries unless economic aid was increased substantially over the level of recent years.

Headed by James A. Perkins, president of Cornell University, the advisory group said:

"The committee feels compelled to point out that it would be dangerous for the United States to ignore the development concerns of the less developed countries.

"In American cities we have seen the costs of permitting the frustrations of poverty to drag on.

"Looking ahead to the long future, the committee does not believe that the United States can live securely in a world in which the poor countries are unable to raise living standards at least as rapidly as the rich countries — whatever the absolute gap in incomes."

Development experts familiar with the interagency report said that limiting economic aid to eight or nine countries would have a staggering if not fatal impact on the Alliance for Progress.

This course would also mean the virtual termination of development loans and grants to India and Pakistan and termination of all but food aid to Indonesia.

The Alliance for Progress which now embraces 18 Latin-American states, would have to be limited, in this view, to Brazil, Colombia, Chile, Bolivia and possibly to Peru, if aid is not terminated to that country as a result of its expropriation of United States petroleum properties.